BC Pavilion Corporation

2014/15
ANNUAL SERVICE PLAN REPORT

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Board Chair's Message and Accountability Statement

On behalf of the Board of Directors of BC Pavilion Corporation (PavCo), I am pleased to present PavCo's *Annual Service Plan Report* for fiscal year 2014/15.

PavCo's mandate is to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. PavCo owns and operates two world-class public facilities located in downtown Vancouver that attract global summit meetings and world-class sporting and entertainment events.

In fiscal 2014/15, BC Place and the Vancouver Convention Centre generated $424 million in economic benefit for the Province. Events hosted at PavCo's facilities continued to bring visitors from around the world to British Columbia. In 2014/15, BC Place and the Convention Centre welcomed over 1.6 million people. Also, the Convention Centre achieved a positive contribution from operations, as a result of continued sales and marketing efforts and cost-saving initiatives.

The Vancouver Convention Centre continued to garner international acclaim over the past year, hosting high-profile global events, including the return of the Association for Computing Machinery's SIGGRAPH conference, which was attended by over 14,000 computer graphics professionals, and the TED Conference with 1,800 attendees. The facility also supported the growth of two major annual events, resulting in both the Pacific Dental Conference and the Vancouver International Auto Show achieving record attendance at nearly 13,000 and 98,694 guests, respectively.

The Convention Centre also celebrated an important milestone in 2014/15 – the fifth anniversary of the opening of its expanded facility. In the five years since opening the West building on April 3, 2009, this outstanding facility has hosted nearly 2,750 events, welcomed over 2.6 million guests from around the world and generated over $1 billion in direct spending for the Province.

In fiscal 2014/15, BC Place continued to be regarded as Canada's premier stadium venue, which was further underscored when the Stadium successfully supported the bid to host the World Rugby Sevens Series starting in 2016, as well as securing major international concert performances by Taylor Swift, One Direction and AC/DC. In addition to hosting 28 BC Lions and Vancouver Whitecaps matches in 2014/15 and Canada's Women's National Soccer Team in the lead-up to the FIFA Women's World Cup Canada 2015, BC Place was home to the 102nd Grey Cup Championship and the CONTACT Winter Music Festival, attended by 52,056 and 28,000 guests, respectively.

The BC Pavilion Corporation's *2014/15 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2014/15 – 2016/17 Service Plan.* I am proud of, and accountable for, those results as reported.

Stuart McLaughlin
Board Chair

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Purpose of the Organization

BC Pavilion Corporation was formed under the British Columbia *Business Corporations Act*, and acts as an agent of the government under the *British Columbia Enterprise Corporation Act*. BC Pavilion Corporation registered PavCo as a business name under the *Partnership Act* (British Columbia). PavCo's shareholder is the Government of British Columbia.

PavCo is a provincial Crown corporation with a mandate to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. PavCo owns and operates two world-class public facilities located in downtown Vancouver: BC Place Stadium and the Vancouver Convention Centre. It also operates the East building of the Convention Centre under a lease with Canada Place Corporation, a subsidiary of Port Metro Vancouver, a federal Crown corporation.

From hosting global summit meetings to world-class sporting and entertainment events, PavCo contributes significantly to the growth of the tourism industry, as many out-of-town clients extend their stay and broaden their travel within British Columbia before and after attending events at PavCo facilities.

The Convention Centre is the provincial flagship for conventions and meetings. BC Place, which is the largest indoor gathering place in British Columbia, provides support to industry as a venue for trade and consumer shows, as well as being a major sports and entertainment centre.

Strategic Direction and Context

Strategic Direction

In fiscal 2014/15, PavCo focused on sales and marketing to increase attendance by out-of-province guests to meet its mandate of generating economic and community benefit for the people of British Columbia. In 2014/15, PavCo also adopted the Government of British Columbia's Taxpayer Accountability Principles. The organization's policies, processes and values align with the Principles of cost consciousness, accountability, appropriate compensation, service, respect and integrity.

The 2014/15 Government Letter of Expectations outlines specific strategic priority actions for PavCo.

Strategic Context

PavCo creates its greatest economic impact by attracting delegates, exhibitors and attendees from outside of British Columbia (non-resident delegates) to events. An NRDD (non-resident delegate day) is a day when a non-British Columbian attended an event at the Convention Centre, and likely stayed at a local hotel and visited restaurants, retailers or other hospitality businesses.

The global meeting and convention business continues to be fiercely competitive, with destinations vying to attract convention business to their cities. The Vancouver Convention Centre actively pursues convention business and works in partnership with industry and business stakeholders,

including Destination BC, the Canadian Tourism Commission and Tourism Vancouver, in order to remain competitive.
In its operation of the Vancouver Convention Centre, PavCo works to balance its primary mandate to generate economic and community benefits for the people of British Columbia with its need to generate income to support Convention Centre operations. Additionally, PavCo must structure a balance between long term bookings for the Vancouver Convention Centre with the need to maintain flexibility to support short term business. In response, the management team takes a proactive approach to ensure an optimum mix of business to maximize revenue and space utilization in a booking environment that traditionally has been cyclical.

BC Place operates within a unique environment', in that the Stadium is home to two professional sports teams with no common ownership, an unusual arrangement in the stadium industry. PavCo is committed to working with both sports teams to balance competing schedules and different supporting partners while implementing initiatives to build attendance and revenue. When the Stadium is not being used by the resident sports teams, PavCo also works to maximize opportunities to attract other revenue-generating opportunities to BC Place, including regional, national and international events.

PavCo continues to work closely with its tenant Paragon Gaming with respect to the construction of an urban resort on land owned by PavCo (known as Site 10a), adjacent to BC Place. The development of Site 10a represents a significant opportunity, enhancing the existing entertainment district and supporting attendance at Stadium events. PavCo is working with Paragon and its partners to minimize the impact of ongoing construction on the operations of BC Place.

The City of Vancouver is considering the removal of the eastbound Georgia viaduct. PavCo has indicated that it will support such an undertaking only if BC Place and PavCo are not negatively impacted. PavCo will continue to ensure that its concerns are being addressed with regards to impacts on its facilities.

Report on Performance

PavCo's mandate is to generate economic and community benefit for the people of British Columbia through the prudent management of its public facilities.

In 2014/15 PavCo also adopted the Government of British Columbia's Taxpayer Accountability Principles. In meeting the expectations outlined in the Taxpayer Accountability Principles Addendum, PavCo has made publicly available an updated Code of Conduct that was approved and accepted by the Board of Directors, and it continues to work with the Ministry of Transportation and Infrastructure to develop an evaluation plan to measure the organization's performance against the Principles, as well as on a strategic engagement plan to hold PavCo accountable for the outcomes and measures identified by the Ministry.

PavCo measures its progress every year though financial reporting and benchmarking within the conventions/meetings industry as well as within the live sports/entertainment industry. PavCo continually strives to generate economic benefit for the Province of BC while minimizing operating costs.

PavCo's facilities generated $424 million in economic benefit for British Columbia in 2014/15. This is generated through clients' and attendees' use of services and products supplied by BC businesses, and by attendees extending their travel to other areas of BC beyond Vancouver, before and after events.

In implementing one of its priority actions, the Vancouver Convention Centre executed a comprehensive sales and marketing program, resulting in successfully hosting 556 events, including 61 conventions and 55 trade and consumer shows in 2014/15. The Convention Centre has been successful in tripling the number of Non-Resident Delegate Days (NRDDs) to 421,000 NRDDs in fiscal 2014/15 from pre-expansion levels, which averaged 139,000 between 2004 and 2009. In 2014/15, the economic impact generated by the Convention Centre from all spending by delegates outside Metro Vancouver was $302 million.

In 2014/15, the Vancouver Convention Centre achieved a positive contribution from operations as a result of continued sales and marketing efforts, and cost-saving initiatives, while continuing to deliver recognized world-class guest service performance.

BC Place also contributes towards province-wide economic activity. In 2014/15, economic impact generated by BC Place from all spending was $122 million. Over 1 million people were welcomed through the Stadium's doors as a result of the sports, entertainment, cultural and business activity that took place at the facility.

Goals, Strategies, Measures and Targets

PavCo had the following strategic goals, as outlined in the *2014/15 – 2016/17 Service Plan*:

- Optimize corporate profit and create economic benefits
- Provide exceptional customer service
- Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia
- Maintain leading-edge venue quality standards
- Be an employer of choice

These goals were identified to support PavCo in meeting its mandate to generate economic and community benefit for the people of British Columbia through prudent management of public facilities.

Goal 1: Optimize Corporate Profit and Create Economic Benefits

PavCo generates in excess of $400 million per year in economic and community benefits for the people of British Columbia. The events held at BC Place and the Vancouver Convention Centre support BC's tourism and hospitality industries, as well as trade development. PavCo clients and guests from out of province fill hotel rooms, use local hospitality services, and consume goods and services produced by BC-based businesses.

In addition, the events and conventions held at the facilities provide a platform for an important exchange of information and knowledge across industry sectors, including medicine, education and intellectual science. Generally, these events also advance business development opportunities for residents of BC.

Strategies

- Seek events that will optimize economic benefits for BC
- Pursue global markets for long-term growth
- Diversify markets to stabilize long-term business
- Determine ways to reduce costs and operate more efficiently
- Within the unique operating model of the Stadium, work to address the complexities associated with advertising and sponsorship activities undertaken by PavCo and BC Place's resident sports teams

Performance Measure 1

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target[5]
Combined economic impact from all spending [2]	$443m	$359m	$354m	$435m	$424m	$499m	$448m
Economic impact at the Vancouver Convention Centre from all spending from outside Metro Vancouver [2]	$372m	$237m	$209m	$310m	$302m	$345m	$328m
Economic impact at BC Place from all spending [1]	$71m	$122m	$145m	$125m	$122m	$154m	$120m
Economic impact at the Vancouver Convention Centre from spending outside of British Columbia [2]	$319m	$202m	$181m	$268m	$256m	$294m	$275m
Economic impact at BC Place from spending by visitors from outside of British Columbia [1]	$23m	$26m	$31m	$30m	$26m	$38m	$23m

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target[5]
Delegate days to Vancouver Convention Centre by visitors from outside of British Columbia [3]	535,000	347,000	304,000	450,000	421,000	490,000	460,000
Delegate days for all visitors outside Metro Vancouver to Vancouver Convention Centre [3]	674,000	441,000	385,000	531,000	554,000	615,000	575,000
Total attendance at BC Place events [4]	646,000	1,230,000	1,192,000	1,128,000	1,063,000	1,258,000	1,086,000
Corporate operating deficit before government contributions ($ millions) [6]	14.130	22.699	19.482	24.875	17.741	21.537	22.615

Data Source:

[1] Economic impact for BC Place is calculated using the BC Stats model. It is based on estimated expenditures by organizers, attendees and other participants at BC Place events, including pre- and post-event spending in the Province, and the multiplier effect through the economy of such spending. Projections for 2015/16 and future years are based on estimates by PavCo management.

[2] Economic impact for the Vancouver Convention Centre is calculated using the BC Stats model. It is based on surveyed or estimated expenditures by organizers and visitors at events in our facilities, subsequent spending in the Province following the event, and the multiplier effect through the economy of such spending. Projections for 2015/16 and future years are based on estimates by PavCo management.

[3] Delegate days for attendees at Vancouver Convention Centre for fiscal 2014/15 were actual days recorded in PavCo's event management system.

[4] Attendance at BC Place is the total of announced attendance by show managers for attendance at their events.

[5] Estimates for fiscal 2015/16 forecast and for 2016/17 and onward targets are based on confirmed bookings, tentative bookings and an estimate of future bookings based on previous attendance statistics. Fiscal 2015/16 reflects significant one-time events such as the FIFA Women's World Cup Canada 2015 and the IRB's Rugby Sevens.

[6] The corporate deficit before government contributions is the sum of sales revenues, other revenues and deferred contributions, less total expenses. Operating income (loss) before interest, amortization, redevelopment and contributions ($ millions) are: 2011/12: ($14,633), 2012/13: ($13,737), 2013/14: ($5,344), 2014/15: ($3,466), 2015/16: ($7,500) and 2016/17: ($8,669). 2013/14 includes the impact of the commencement of interest charges.

Discussion

Vancouver Convention Centre

The attraction of delegates and exhibitors from outside of British Columbia (non-resident delegates) to events generates the most significant economic impact at the Vancouver Convention Centre. An NRDD (non-resident delegate day) is a day when a non-British Columbian attended an event at the

Convention Centre, and typically would stay at a local hotel and visit restaurants, retailers or other hospitality businesses.

Non-resident delegates and exhibitors generate the highest economic returns for British Columbia. As verified through regular delegate surveying, the average non-resident delegate spends $1,434 per visit as a result of attending an event at the Vancouver Convention Centre, the majority of which is spent on accommodations, meals, retail and transportation.

The Vancouver Convention Centre has tripled the number of NRDDs in fiscal 2014/15 from pre-expansion levels, which averaged 139,000 between 2004 and 2009.

The overall economic impact generated by the Vancouver Convention Centre from all spending from outside of Metro Vancouver was $8 million less than the target in 2014/15; however, this was $93 million higher than the previous fiscal year 2013/14.

BC Place

BC Place contributes towards economic activity through the provision of a venue for sports, entertainment and cultural activities.

Projections for fiscal 2015/16 and subsequent years have been prepared by PavCo management based on anticipated attendance and activity at the facilities. BC Place economic impact for 2016/17 reflects the number of events included in its revenue projections.

Revenues at BC Place are driven by event bookings and attendance at events, as well as advertising and sponsorship activities. Increased attendance drives higher sales of stadium services, primarily food and beverage. During fiscal 2014/15, BC Place implemented initiatives for attendance-building through joint marketing programs with its primary tenants and through updated service offerings in order to increase per capita consumption. Projections for fiscal 2015/16 and future years are derived from the events already on BC Place's books, clients' attendance forecasts and a forecast of future events that are expected to occur.

The economic impact at BC Place from spending by visitors from outside of British Columbia and from all spending were $3 million lower than target, due to fewer concerts than originally forecasted.

Goal 2: Provide Exceptional Customer Service

Exceptional client and guest satisfaction will not only elevate PavCo's reputation as an organization that hosts world-class events – it will also continue to drive future attendance levels, attract new and repeat clients, and increase spending. This will further enable PavCo to achieve its goal of maximizing economic benefits.

Strategies

- Ensure event planning operations are client-centric
- Provide an exceptional service culture
- Ensure PavCo and its suppliers provide seamless, superior service

Performance Measure 2

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Service Quality – Loyalty Index Vancouver Convention Centre [1]	9.0	9.3	9.2	9.1	9.3	9.2	9.2
Client Satisfaction BC Place [2]	N/A	N/A	3.9/5	4.0/5	3.9/5	4.1/5	4.1/5
Guest Satisfaction BC Place [3]	N/A	4.1/5	4.1/5	4.2/5	4.1/5	4.1/5	4.1/5

Data Source:

[1] At Vancouver Convention Centre, a Client Loyalty Index is used to measure service quality. This combines overall satisfaction with the clients' likelihood to rebook and to recommend the facility.

[2] A comprehensive online Client Satisfaction Survey was developed in 2013; it is sent to all clients who hold events at BC Place.

[3] A Guest Satisfaction Survey was initiated at BC Place for 2012/13. Guest satisfaction results are collected via touch-screen stations distributed throughout the Stadium.

Discussion

In 2014/15, the Vancouver Convention Centre exceeded its target of 9.1 for Service Quality – Loyalty Index, achieving an overall score of 9.3. This accomplishment was the result of consistent commitment by the entire Convention Centre team to deliver exceptional service to clients and attendees.

BC Place's Client Satisfaction and Guest Satisfaction scores for 2014/15 were close to meeting target; however, they were impacted by construction activities around the venue. BC Place will strengthen its ongoing efforts to improve the client and guest experience, and to mitigate inconveniences that arise from adjacent construction activity.

Goal 3: Engage our Stakeholders and Industry Partners to Increase Cooperative Efforts to Bring Events to our Facilities and to British Columbia

PavCo tracks the number of events that it draws in cooperation with its various stakeholders and partners. This involves working collaboratively with Tourism Vancouver, the Vancouver Hotel Destination Association, and Destination Canada to attract conventions, meetings and events to its facilities.

Strategies

- Develop and grow collaborative business relationships

Performance Measure 3

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Number of events drawn or implemented in cooperation with stakeholders [1]							
• BC Place	2	5	7	7	7	N/A	
• Vancouver Convention Centre	28	22	25	28	28		

Data Source:
[1] This represents major events expected to occur during the year that were booked with the assistance of stakeholder collaboration, or that were referred by stakeholders. Source data is kept in the booking files.

Discussion

As a result of effective collaboration with business partners, both BC Place and the Vancouver Convention Centre met their targets for fiscal 2014/15.

This performance measure has been discontinued for future years. PavCo will continue to work with its partners to generate economic and community benefits.

Goal 4: Maintain Leading-Edge Venue Quality Standards

PavCo operates two of the finest event facilities in North America. In order to maintain the world-class reputation of our facilities and remain competitive within the marketplace, PavCo strives to retain high venue quality standards.

Strategies

- Determine best practices, processes and quality standards for operations of similar venues
- Identify targets against these standards for PavCo's facilities to achieve
- Ensure staff and service providers are appropriately trained and equipped to help PavCo achieve and surpass the benchmark quality standards

Performance Measure 4

Vancouver Convention Centre
In fiscal 2015, the Vancouver Convention Centre achieved certification with two international industry sustainability standards: APEX (the Convention Industry Council's Accepted Practices Exchange) and Level One certification from ASTM International (formerly known as the American Society for Testing and Materials), in both the Venue and Food and Beverage Standards.

The ASTM Venue Standard delineates the procedural requirements for venue selection – the practice of researching, evaluating and choosing the facility for an event. The standard identifies specific performance criteria for staff management, communications, waste management, energy, air quality, water, procurement, and community partners.

The ASTM Food and Beverage Standard delineates procedural requirements for the evaluation and selection of food and beverage for events – the practice of specifying, selecting and procuring food, beverages, and non-consumable food- or beverage-related items. This specification includes all aspects of waste management, energy- and water-related practices, and associated training related to the provision of food and beverages.

BC Place

In fiscal 2014/15, BC Place was named in the Architecture Foundation of BC's 100 Best Buildings contest.

BC Place was also nominated for the People's Choice Award and received the Award for Honourable Mention in the Southern BC region.

PavCo continues to develop quality standards for facilities operations, planning and sustainability to ensure that optimized efficiencies are achieved.

Goal 5: Be an Employer of Choice

BC Place and the Vancouver Convention Centre are home to many professionally trained and skilled employees. BC Place also employs hundreds of staff on an event basis. It is critical to retain as many committed event staff as possible, particularly given the high cost of recruiting and training. PavCo's People Strategy defines the actions the organization needs to undertake to be an employer of choice.

Engaged employees are a crucial factor in achieving PavCo's strategic goals. By soliciting feedback and ensuring two-way communication, PavCo can develop the talent within the organization and build its levels of customer service. PavCo's employees are its greatest resource.

Strategies

- Position PavCo as an employer of choice
- Update policies and practices, and introduce technology to deliver Human Resource functions
- Improve the labour relations climate at BC Place to support improved operations
- Design and implement succession planning, talent management and performance management systems

Performance Measure 5

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Employee involvement – Retention of all staff at BC Place [1, 4]	N/A	78%	70%	82%	77%	72%	72%
Employee engagement – Score on employee surveys BC Place [2, 4]	N/A	N/A	3.8/5	3.9/5	N/A	4.0/5	4.1/5
Employee engagement – Score on employee surveys – Vancouver Convention Centre [3]	4.3/5	4.3/5	4.3/5	4.3/5	N/A	4.3/5	4.4/5

Data Source:

[1] During 2014/15, retention rates are based on turnover against total staffing numbers as of April 1, 2014. Retention for BC Place was 77%. Targets for 2014/2015 were set on the basis of a general employment. Future targets take into consideration the seasonal/casual nature of event-based employment relationships.

[2] During 2014/15, BC Place delayed the second annual engagement survey due to event activity. The engagement survey is scheduled to launch in summer 2015.

[3] All full-time and part-time employees at Vancouver Convention Centre are invited to participate in employee surveys that measure employee ratings on: communication and direction, management effectiveness, commitment to results, job satisfaction, treatment, respect and balance, organizational satisfaction and commitment, retention and development, and familiarity with Vancouver Convention Centre's service standards. The Vancouver Convention Centre conducts this survey every alternate year; the most recent survey was conducted in March 2013. The next survey will be assessed upon hiring a replacement for the Director, Human Resources in 2015.

[4] Retention of event staff and employee engagement were not measured in 2011/12, as staff were not working regularly during facility closure.

Discussion

Both BC Place and the Vancouver Convention Centre have postponed implementing their employee engagement survey for 2015 due to the recruitment of a new Director, Human Resources at the Convention Centre and due to event activity at the Stadium.

Financial Report

Management Discussion and Analysis

Financial Resource Summary Table

This report contains forward-looking statements, including statements regarding the business and anticipated financial performance of the company. These statements are subject to a number of risks and uncertainties that may cause actual results to differ from those contemplated in the forward-looking statements. The table below provides an overview of PavCo's financial performance relative to its *2014/15 – 2016/17 Service Plan* and a forecast of financial results for the next years, as set out in its *2015/16 – 2017/18 Service Plan.*

(in $000s)	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Budget	2016/17 Budget
Revenue							
Event revenues	38,946	47,557	47,812	50,901	55,239	57,691	53,855
Lease revenues	2,058	2,712	3,110	3,536	3,616	3,348	3,436
Miscellaneous revenues	11,697	32,288	3,377	6,141	4,185	2,940	3,033
Interest revenue	1,063	901	434	273	170	15	0
Revenue from operations	**53,764**	**83,458**	**54,733**	**60,851**	**63,210**	**63,994**	**60,324**
Sustaining contributions	18,306	15,604	12,484	8,977	8,992	9,022	9,072
Deferred contributions	26,983	34,859	39,246	41,678	38,943	39,720	36,940
Total Revenues	**99,053**	**133,921**	**106,463**	**111,506**	**111,145**	**112,736**	**106,336**
Expenses							
Event direct costs	21,834	27,314	27,162	28,782	30,036	32,097	30,448
Salaries, wages and benefits	13,311	15,526	16,189	16,454	15,745	17,580	17,575
Operating expenses	11,304	14,707	14,141	14,050	14,443	14,686	14,050
General and administration	4,336	4,941	4,420	3,879	3,695	3,993	4,032
Business development	2,925	2,421	4,024	773	984	1,323	1,131
Professional consulting fees	2,191	2,857	2,534	2,257	1,773	1,815	1,757
Interest on long term debt	-	-	-	7,326	7,255	7,167	7,076
Redevelopment	12,985	25,001	-	152	294	2,250	250
Amortization	30,167	39,680	48,208	48,338	45,669	44,340	43,560
Total Expenses	**99,053**	**132,447**	**116,678**	**122,011**	**119,894**	**125,251**	**119,879**
Net Income (Deficit) after Government Contribution	-	**1,474**	**(10,215)**	**(10,505)**	**(8,749)**	**(12,515)**	**(13,543)**
Accumulated surplus (Deficit)	**99,073**	**100,547**	**90,332**	**79,827**	**71,078**	**58,563**	**45,020**
Debt	**150,000**	**150,000**	**150,000**	**149,171**	**147,452**	**145,648**	**143,754**
Major capital expenditures	**205,699**	**195,111**	**1,951**	-	-	-	-
Annual sustaining capital expenditures	**1,356**	**4,031**	**5,114**	**2,744**	**1,508**	**10,035**	**10,083**

Financial Results for the Year Ended March 31, 2015

(in $000s)	2013/14 Actual	2014/15 Actual	Prior Year Variance Better (Worse)	2014/15 Plan	Plan Variance Better (Worse)
Revenue					
Event revenues	50,851	55,239	4,388	54,257	982
Lease revenues	3,536	3,616	80	3,346	270
Miscellaneous revenues	6,191	4,185	(2,006)	2,478	1,707
Interest revenue	273	170	(103)	20	150
Revenue from operations	**60,851**	**63,210**	**2,359**	**60,101**	**3,109**
Expenses					
Event direct costs	28,782	30,036	(1,254)	30,000	(36)
Salaries, wages and benefits	16,454	15,745	709	16,902	1,157
Operating expenses	14,050	14,443	(393)	14,335	(108)
General and administration	3,879	3,695	184	4,105	410
Business development	773	984	(211)	1,423	439
Professional consulting fees	2,257	1,773	484	1,894	121
Total Expenses	**66,195**	**66,676**	**(481)**	**68,659**	**1,983**
Operating Income (Loss) before Contributions, Interest, Redevelopment and Amortization	**(5,344)**	**(3,466)**	**1,878**	**(8,558)**	**5,092**
Sustaining contributions	8,977	8,992	15	11,242	(2,250)
Deferred contributions	41,678	38,943	(2,735)	38,293	650
Interest on long term debt	(7,326)	(7,255)	71	(7,255)	-
Redevelopment	(152)	(294)	(142)	(2,500)	2,206
Amortization	(48,338)	(45,669)	2,669	(44,855)	(814)
Net Income (Deficit) after Government Contribution	**(10,505)**	**(8,749)**	**1,756**	**(13,633)**	**4,884**
Accumulated surplus (Deficit)	**79,827**	**71,078**	**(8,749)**	**66,194**	**4,884**
Debt	**149,171**	**147,452**	**1,719**	**147,452**	**-**
Major capital expenditures	**-**	**-**	**-**	**12,000**	**12,000**
Annual sustaining capital expenditures	**2,744**	**1,508**	**1,236**	**7,820**	**6,312**

BC Pavilion Corporation is a provincial Crown corporation with a mandate to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities.

Overall results for 2014/15 reflected a net loss of $8.749 million relative to a budgeted loss of $13.633 million and a prior year loss of $10.505 million. The positive variances were due to stronger event revenues, improved event margins and continued facility cost control initiatives. As a result, the operating results at the Vancouver Convention Centre were significantly better than both prior year and budget and, in the case of BC Place, significantly better than budget.

Revenue from operations increased $2.359 million or 4% over the prior year and $3.109 million or 5% over the *2014/15 – 2016/17 Service Plan*. The increase was related primarily to event revenues, which, for the fourth successive year, exceeded prior years' results; 2014/15 has established a record

at $55.239 million. This was achieved primarily by stronger performance at the Vancouver Convention Centre where banquets, consumer shows, trade shows and convention events contributed to this positive variance. In terms of revenue type, rent, food and beverage, and recoveries all contributed to better than budgeted results and prior year results. While total revenues at BC Place did not achieve the exceptional level of 2013/14, they were still greater than budget.

Increased activity and event revenues at the Vancouver Convention Centre resulted in greater event direct costs and operating costs to service these events; however, cost control initiatives continued to be successful and resulted in facility costs across multiple categories at both Vancouver Convention Centre and BC Place being significantly better than both 2013/14 and budget. Additionally, while staff vacancies at both Vancouver Convention Centre and BC Place contributed to positive variances in salaries, wages and benefits, a portion of these vacancies will likely be filled in the upcoming year. While management reviews every position as it becomes vacant to determine whether there is a need to rehire, the success of PavCo's business will continue to rely on qualified personnel at all levels.

Redevelopment costs were $2.206 million less than budget due to a deferral of expenditures for Site 10a, which in turn resulted in a corresponding variance in deferred contributions.

In accordance with the terms of the loan agreement with the Province of British Columbia, PavCo incurred interest charges of $7.255 million in 2014/15, compared with $7.326 million in 2013/14.

Reflecting the significant capital investment in PavCo, amortization of capital assets continued to account for approximately 38% of total costs at $45.669 million. During 2014/15, capital expenditures of $1.508 million represented a broad range of items, with no major projects accounting for a significant amount. During 2014/15, PavCo was able to achieve a reduction of budgeted expenditures of $12 million in relation to the construction of infrastructure on BC Place lands that were no longer required; therefore, actual capital expenditures were significantly less than expected.

Future Outlook

For 2015/16, PavCo will continue to focus on strong marketing campaigns and a continued emphasis on innovation in providing service excellence to its clients. Fiscal 2015/16 is forecasted to be another strong year for the Vancouver Convention Centre, and BC Place will once again see significant growth in events and revenues while continuing on its cost control initiatives.

Highlights of major events for fiscal 2015/16 at the Vancouver Convention Centre include the World Diabetes Congress with approximately 15,000 delegates; the 23rd World Congress of Dermatology with 10,000 delegates; the IAS Conference on HIV Pathogenesis, Treatment and Prevention with 7,500 delegates; the 23rd World Congress of Gynecology and Obstetrics with 7,000 attendees; the OpenStack 2015 Spring Summit with 6,000 delegates; the Institute of Scrap Recycling Industries Convention & Exposition with 5,000 delegates; and the return of the Vancouver International Auto Show with an estimated 12,000 attendees per day. Additional business will continue to be booked to maximize use of space.

BC Place is also anticipating a very strong year. The Stadium proudly continues to be home of the Vancouver Whitecaps FC and the BC Lions Football Club, and is excited to host eight preliminary matches in addition to the prestigious final match for the FIFA Women's World Cup Canada 2015.

This event will be the largest women's sporting event in the world. With significant international broadcasting and other media in attendance, BC Place will be showcased to the world. BC Place will also host the 2016 World Rugby Sevens Series. This world-class event draws participants, passionate spectators and viewers from around the globe.

BC Place has also confirmed three major concerts in the upcoming fiscal year: One Direction in July, Taylor Swift in August and AC/DC in September. These concerts will continue to highlight the superior acoustical and technical capabilities of BC Place while generating strong financial results.

In addition to increasing attendance, BC Place recently introduced new and exciting food and beverage products that will increase revenues per attendee, and the Stadium continues to explore new sponsorship and advertising opportunities to drive better financial performance and customer satisfaction.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of B.C. Pavilion Corporation, and
To the Minister of Transportation and Infrastructure, Province of British Columbia

I have audited the accompanying financial statements of B.C. Pavilion Corporation ("the entity"), which comprise the statement of financial position as at March 31, 2015, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

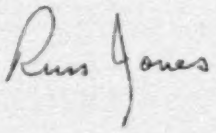
Opinion

In my opinion, the financial statements of B.C. Pavilion Corporation for the year ended March 31, 2015, are prepared, in all material respects, in accordance with the accounting

requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Emphasis of Matter

Without modifying my opinion, I draw attention to Note 2 to the financial statements which disclose that the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia are in accordance with Canadian public sector accounting standards except in regard to the accounting treatment of government transfers. Note 22 to the financial statements discloses the impact of these differences.



Victoria, British Columbia
June 4, 2015

Russ Jones, CPA, FCA
Deputy Auditor General

OFFICE OF THE
Auditor General
of British Columbia

Audited Financial Statements

March 31, 2015

B.C. Pavilion Corporation

Statement of Management Responsibility

The financial statements of the B.C. Pavilion Corporation have been prepared by management in accordance with Canadian public sector accounting standards and provincial reporting legislation, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with information contained in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Systems of internal control are developed and maintained by management to provide reasonable assurance that reliable information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The B.C. Pavilion Corporation Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board and its Finance and Audit Committee. The Board reviews internal financial statements at each meeting and external audited financial statements annually. Significant financial reporting or internal control matters are discussed by the Board and its Audit and Finance Committee prior to their approval of the corporation's financial statements.

The Auditor General of British Columbia conducts an independent examination, in accordance with Canadian auditing standards, and expresses their opinion on the B.C. Pavilion Corporation financial statements. The auditors have full and free access to financial management of B.C. Pavilion Corporation and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements for B.C. Pavilion Corporation.

Stuart McLaughlin
Chair – Board of Directors

Rehana Din
Chief Financial Officer

Vancouver, British Columbia
June 4, 2015

B.C. Pavilion Corporation
Statement of Financial Position
(in $000s)

	Note	March 31 2015	March 31 2014
Financial Assets			
Cash and cash equivalents	5	20,329	20,614
Accounts receivable	6	30,583	27,720
		50,912	48,334
Liabilities			
Accounts payable and accrued liabilities	8	19,192	14,101
Due to governments	7	9,477	9,359
Employee leave liability	9	754	663
Deferred revenue	10	44,608	42,128
Deferred contributions – other	11	14,138	15,740
Deferred contributions – government	12,22	961,473	998,814
Long term debt	13	147,452	149,171
		1,197,094	1,229,976
Net financial debt		(1,146,182)	(1,181,642)
Non-financial assets			
Tangible capital assets	14,24	1,215,608	1,259,769
Inventories held for use		59	59
Prepaid expenses	15	1,593	1,641
		1,217,260	1,261,469
Accumulated surplus	22,24	**71,078**	**79,827**
Contingencies and contractual obligations	16		

Stuart McLaughlin
Chair – Board of Directors

Don Zurowski
Chair - Governance, Finance, and Audit Committee

The accompanying notes are an integral part of these financial statements.

B.C. Pavilion Corporation

Statement of Operations and Change in Accumulated Surplus

(in $000s)

	Note	March 31, 2015 Budget	March 31, 2015 Actual	March 31 2014 Actual
		(Note 20)		
Revenues	24			
Event revenues		54,257	55,239	50,901
Lease revenues		3,346	3,616	3,536
Miscellaneous revenues		2,478	4,185	6,141
Deferred contributions – other		1,604	1,602	1,665
Deferred contributions - government		47,931	46,333	48,990
Interest revenue		20	170	273
		109,636	111,145	111,506
Expenses	17,24			
BC Place Stadium		65,764	53,934	57,040
Vancouver Convention Centre		57,505	65,920	64,971
		123,269	119,894	122,011
Annual operating deficit		(13,633)	(8,749)	(10,505)
Accumulated surplus, beginning of year		79,827	79,827	90,332
Accumulated surplus, end of year		66,194	71,078	79,827

The accompanying notes are an integral part of these financial statements.

B.C. Pavilion Corporation

Statement of Change in Net Financial Assets (Debt)

(in $000s)

	March 31, 2015 Budget *(Note 20)*	March 31, 2015 Actual	March 31 2014 Actual
Annual operating surplus (deficit)	(13,633)	(8,749)	(10,505)
Acquisition of tangible capital assets	(19,820)	(1,508)	(2,744)
Amortization of tangible capital assets	44,855	45,669	48,338
Loss on sale/disposal of tangible capital assets	-	-	18
	11,402	35,412	35,107
Acquisition of prepaid expense	-	(3,065)	(3,903)
Use of prepaid expense	-	3,113	3,475
	-	48	(428)
Decrease in net financial debt	11,402	35,460	34,679
Net financial debt – beginning of year		(1,181,642)	(1,216,321)
Net financial debt – end of year		(1,146,182)	(1,181,642)

The accompanying notes are an integral part of these financial statements.

B.C. Pavilion Corporation
Statement of Cash Flows
(in $000s)

	March 31 2015	March 31 2014
Operating transactions		
Surplus (Deficit) for the year	(8,749)	(10,505)
Non-cash items included in surplus (deficit):		
Amortization of tangible capital assets	45,669	48,338
Loss on disposal of tangible capital assets	-	18
Amortization of deferred contributions – other	(1,602)	(1,665)
Amortization of deferred contributions – government	(46,333)	(48,990)
Accounts receivable	(2,863)	2,641
Due from government	118	497
Due to government	-	59
Accounts payable and accrued liabilities	5,091	2,200
Employee future benefits	91	(76)
Deferred revenue	2,480	(990)
Inventories held for use	-	-
Prepaid expenses	48	(428)
Cash used in operations	(6,050)	(8,901)
Capital transactions		
Purchase of tangible capital assets	(1,508)	(2,744)
Cash used in capital transactions	(1,508)	(2,744)
Financing transactions		
Deferred contributions – other	-	-
Deferred contributions – government	8,992	8,977
Due from government	-	-
Long term debt	(1,719)	(829)
Cash provided for in financing transactions	7,273	8,148
(Decrease)/increase in cash and cash equivalents	(285)	(3,497)
Cash and cash equivalents – beginning of year	20,614	24,111
Cash and cash equivalents – end of year	20,329	20,614

The accompanying notes are an integral part of these financial statements.

1. Authority and Nature of Operations

B.C. Pavilion Corporation (PavCo) was formed on April 1, 2008 under the *British Columbia Business Corporations Act*, following the amalgamation of the former B.C. Pavilion Corporation and Vancouver Convention Centre Expansion Project Ltd. (VCCEP). PavCo is wholly owned by the Province of British Columbia, and reports to the Legislative Assembly through the Minister of Transportation and Infrastructure. As a provincial crown agency, PavCo is subject to legislative regulations in government reporting Acts which include the *Budget Transparency and Accountability Act* and the *Financial Administration Act*.

PavCo's mandate is to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. PavCo achieves this by developing, marketing and operating iconic world class public convention, sports and entertainment facilities. The corporation owns and operates BC Place Stadium and the Vancouver Convention Centre's west facility. The Corporation operates the Vancouver Convention Centre's east facility under a separate agreement with Canada Place Corporation.

PavCo is exempt from income taxes under the Income Tax Act.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia which requires that financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to accounting for government transfers as presented in Note 22. Significant accounting policies used in the preparation of these financial statements are:

Financial assets
Cash and cash equivalents include cash on hand and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Accounts and loans receivable are recorded at cost less the amount of any valuation allowance (bad debt allowance). Valuation allowances are made when collection is in doubt. Changes in valuation allowances are recognized as expenses in the period when the valuation change is made. Interest is only accrued on receivables when collection is certain.

Tangible capital assets
Tangible capital assets are recorded at cost less accumulated amortization. Asset costs (excluding land), less any residual value, are amortized over their estimated useful lives to PavCo as follows:

Building and improvements	10 to 50 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement or the term of the lease, straight line
Equipment and other capital assets	1 to 10 years, straight line
Furniture	3 to 20 years, straight line
Vehicles	30% per annum, declining balance
Computer hardware and software	3 to 5 years, straight line

2. Significant Accounting Policies (cont.)

Assets under construction are recorded at cost and include direct costs during development and construction, indirect costs that are directly attributable to the construction or development activity and other carrying costs. When construction is substantially complete or the asset is ready for use, it is subsequently amortized over its estimated useful life.

The corporation has entered into agreements where value-in-kind (VIK) is provided. VIK is recognized at fair value and when the goods would otherwise have been purchased (including any applicable taxes). The VIK provided by these agreements is included in its applicable tangible capital asset class.

Contributed tangible capital assets are recorded at fair value as of the date of contribution. When fair value of a contributed asset cannot be determined by market or appraisal estimates, the asset is recorded at nominal value.

PavCo reviews the value of its tangible capital assets that are in active service for impairment based on their service potential. Assets are written down when conditions indicate that they no longer contribute to PavCo's ability to provide goods and services.

PavCo does not report the cost of its artwork and theming program in the Statement of Financial Position as artwork is not recognized under public sector accounting standards. All costs associated with developing, constructing, acquiring, installing and securing these assets are expensed when incurred.

Inventories
Inventories consist of minor consumable supplies held for use in the course of operations at PavCo's facilities and are recognized at historical cost.

Prepaid expenses
Prepaid expenses include cash disbursements for facility insurance and future event and operational costs, which will be charged to expense over the periods expected to benefit from it.

Revenue recognition
Revenues from events held at PavCo's facilities are recognized upon completion of the events. Amounts received in advance of event completion are recorded as deferred revenue.

Non-event related revenues are recognized on an accrual basis and in the period in which the transactions or events that gave rise to the revenues occurred.

Revenues received in advance from lease and business alliance agreements, and expenses incurred to generate them, are deferred and amortized on a straight line basis over the term specified in the agreements.

Revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is recognized at fair market value. Unearned revenue is deferred and amortized over the term of the services contract.

Operating contributions are recognized as income in the period for which they are contributed.
Funding received for other specific purposes is treated as deferred contributions and recognized in the period that the stipulation or restriction is met.

2. Significant Accounting Policies (cont.)

Capital Contributions
The value of contributed depreciable tangible capital assets or funding received from government for the purpose of acquiring or developing tangible capital assets for use in providing services, is treated as deferred contributions and is amortized to revenue in the period during which the assets are used to provide those services, at a rate corresponding with the amortization rate for the related tangible capital assets. If the net book value of a depreciable tangible capital asset funded by a deferred contribution is reduced for any reason other than amortization, the proportionate share of the deferred contribution is recognized to revenue during the same period. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 22 for the impact of this policy on these financial statements.

Funding received for the acquisition of land or a transfer in the form of land, is recognized as revenue in the same period that the asset is acquired.

Expenses
The cost of all goods consumed and services received during the fiscal year, not related to assets, is expensed. Expenses are reported on an accrual basis.

Direct costs from events held at the facilities are recognized upon completion of the events. Amounts incurred in advance of event completion are recorded as prepaid expense.

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

Foreign currency transactions
Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect on the transaction date. Any foreign currency denominated monetary assets and liabilities are stated in the Statement of Financial Position using the prevailing rate of exchange at the financial statement date.

Financial Instruments - Recognition and Measurement
All financial assets and financial liabilities are measured in the statement of financial position on a fair value basis, as follows:

- Cash is recorded at fair value.
- All other financial instruments are recorded at cost which approximates fair value.

2. Significant Accounting Policies (cont.)

Employee benefits plan
PavCo and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension (Plan) is a multi-employer, defined benefit plan with over 110,000 active and retired members. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions.

An actuarial valuation of the plan every three years assesses its financial position. The most recent published actuarial valuation, as at March 31, 2011, disclosed an overall actuarial deficit of $275 million for basic pension benefits, for the entire Public Service Pension Plan. In order to fund the liability, both employer and employee rates increased effective April 1, 2012. A scheduled valuation as at March 31, 2014 has been completed. However the results have not yet been published.

Contributions to the Plan by PavCo for fiscal 2015 were $1.2 million (2014 - $1.2 million).

3. Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these statements. Actual results could differ from these estimates.

Management has made estimates for valuation allowances on receivables, accrued liabilities and on the expected timing of future expenditures related to construction commitments (Note 16).

4. Government Partnership

PavCo has entered into an agreement with the Greater Vancouver Convention and Visitors Bureau and the Vancouver Hotel Destination Association to create the Convention Development Fund (CDF) to provide incentives to convention groups in order to attract and secure convention business which is mutually beneficial to the parties. PavCo's contribution to the CDF constitutes an investment in a Government Partnership under the definition of PS 3060. PavCo's obligation in the partnership is limited to the amount of PavCo's contributions.

Included in the corporation's financial statements is PavCo's proportionate interest in the partnership, based on its contributions to the CDF (2015 – 8.4%; 2014 – 9.8%):

Statement of Financial Position	March 31 2015	March 31 2014
Cash	684	701
Deferred contributions – government	684	701

4. Government Partnership (cont.)

Statement of Operations	March 31 2015	March 31 2014
Revenue	6	8
Expense	23	75

Statement of Cash Flows	March 31 2015	March 31 2014
Increase (Decrease) in deferred contributions - government	(17)	(67)
Increase (Decrease) in cash and cash equivalents	(17)	(67)

PavCo also has a proportionate interest in the future commitments of the CDF. The corporation's current share of these commitments, to be funded by the CDF, as of March 31, 2015 is:

Fiscal 2016	28
Fiscal 2017	25
Fiscal 2018	39
Fiscal 2019	48
Fiscal 2020 and beyond	140

5. Cash and Cash Equivalents

	March 31 2015	March 31 2014
Unrestricted cash	14,045	19,413
Restricted cash	5,600	500
Investment in Convention Development Fund	684	701
	20,329	20,614

Restricted cash consists of a refundable deposit to secure a letter of credit that PavCo issued on behalf of the depositor. A liability for the amount of the deposit is recorded in accounts payable and accrued liabilities.

6. Accounts Receivable

	March 31 2015	March 31 2014
Trade	4,604	5,178
Other receivables	26,084	22,662
	30,688	27,840
Less: provision for doubtful accounts	(105)	(120)
	30,583	27,720

Other receivables consist of amounts receivable resulting from third parties with respect to development rights to the west of B.C. Place ($22,662) and a water lot lease at the Vancouver Convention Centre ($3,422). These receivables are due in fiscal 2017 and fiscal 2036 respectively.

7. Due to Governments

	March 31 2015	March 31 2014
Due to federal government	82	35
Due to provincial government	9,395	9,324
	9,477	9,359

8. Accounts Payable and Accrued Liabilities

	March 31 2015	March 31 2014
Trade accounts payable and accrued liabilities	15,322	9,824
Accrued interest on long term debt	3,605	3,647
Builder's lien holdbacks	265	630
	19,192	14,101

9. Employee Leave Liability

Employee leave liability represents the accumulated vacation entitlement that PavCo owes its employees for vacation not yet taken.

10. Deferred Revenue

	March 31 2015	March 31 2014
Unearned lease revenues	36,202	33,515
Unearned event revenue and deposits	8,406	8,613
	44,608	42,128

Unearned lease revenue represents funds received in advance from lease and business alliance agreements, and are recognized in accordance to the terms specified in those agreements. The terms of the business alliance agreements range from 10 years to 50 years.

Event revenues and deposits are receipts in advance of scheduled event dates and are deferred until completion of the event.

11. Deferred Contributions – Other

	Balance April 1 2014	Receipts during year	Transferred to revenue	Balance March 31 2015
Other Contributions	15,740	-	(1,602)	14,138

	Balance April 1 2013	Receipts during year	Transferred to revenue	Balance March 31 2014
Other Contributions	17,405	-	(1,665)	15,740

Other deferred contributions include contributions, defined by their contractual stipulations, from non-related parties to fund major improvements to or the acquisition of capital assets. Included in other deferred contributions are value-in-kind contributions of tangible capital assets. Contributions are amortized to revenue in the period during which the related assets are used to provide those benefits, at the same rate corresponding to the amortization rate for the related tangible capital assets.

12. Deferred Contributions – Government

Government contributions are funding transfers which contain eligibility criteria and legislative or contractual stipulations with respect to their use. PavCo has received funding for asset acquisition and capital construction projects at PavCo's facilities as well as funding to support ongoing operations and for other specified purposes as follows:

	Balance April 1 2014	Receipts during year	Transferred to revenue	Balance March 31 2015
Government of Canada	201,847	-	(4,556)	197,291
Province of British Columbia	796,967	8,992	(41,777)	764,182
	998,814	8,992	(46,333)	961,473

	Balance April 1 2013	Receipts during year	Transferred to revenue	Balance March 31 2014
Government of Canada	206,403	-	(4,556)	201,847
Province of British Columbia	832,424	8,977	(44,434)	796,967
	1,038,827	8,977	(48,990)	998,814

Contributions from the Government of Canada is funding for the construction of the Vancouver Convention Centre's west facility and the connector between the east and west facility. Federal funding for the Vancouver Convention Centre's west facility includes the construction of the waste water treatment facility.

PavCo received contributions from its shareholder, the Province of British Columbia, for capital and operating purposes, segregated based on shareholder direction on the use of funds.

12. Deferred Contributions – Government (cont.)

Government contributions for capital are amortized to revenue in the period during which the assets are used to provide those services, at a rate corresponding with the amortization rate for the related tangible capital assets. Other government contributions are recognized when their legislative or contractual stipulations are met.

13. Long-term Debt

	March 31 2015	March 31 2014
Province of British Columbia	147,452	149,171

In fiscal 2010, PavCo entered into a long-term loan agreement with the Province of British Columbia to provide financing for the construction of the retractable roof and refurbishment upgrades at BC Place Stadium. PavCo received the balance of the loan in fiscal 2011.

Under the terms of the loan agreement, the repayable loan is non-interest bearing during the construction and start-up period. Commencing April 2, 2013, PavCo began repaying the loan by providing semi-annual blended payments of principal and interest (fixed interest rate at 4.89%) until fiscal 2049.

The current repayment schedule reflects loan payments by PavCo of $4.5 million for the initial and final repayment fiscal years (2014 and 2049), and $9.0 million for fiscal years 2015 through 2048.

The loan is secured by the assets of BC Place Stadium and the Vancouver Convention Centre.

14. Tangible Capital Assets

	BC Place	Vancouver Convention Centre[1]	March 31 2015	March 31 2014
Land	31,292	41,442	72,734	72,734
Buildings and improvements	448,137	628,017	1,076,154	1,109,538
Leasehold improvements	-	27,731	27,731	29,507
Equipment	19,425	2,443	21,868	29,198
Furniture and fixtures	16,974	52	17,026	18,671
Computer hardware/software	43	52	95	121
Total	**515,871**	**699,737**	**1,215,608**	**1,259,769**

(1) Includes corporate office assets

Artwork

PavCo holds a variety of art pieces at its facilities however it does not recognize the cost or value of artwork in its financial statements. All costs of developing, constructing, acquiring, installing and securing the pieces have been expensed. The corporation has title to most pieces in the program, and is responsible for the preservation and protection of all pieces.

14. Tangible Capital Assets (cont.)

The Vancouver Convention Centre's comprehensive art program, which was produced as part of the west facility expansion, includes various paintings, sculptures, First Nations pieces, and other items. The historical cost of these art pieces at March 31, 2015 is $6.2 million ($6.2 million at March 31, 2014).

As part of the BC Place revitalization project, PavCo developed and re-constructed Terry Fox plaza to showcase the new Terry Fox memorial sculptures. The historical cost for the Terry Fox memorial sculptures is $0.6 million ($0.6 million at March 31, 2014).

The corporation uses the historical cost value of the art pieces for insurance purposes, unless appraisal values are available.

14. Tangible Capital Assets (cont.)

	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2015
Cost:								
Opening balance	72,734	1,275,858	40,302	66,447	32,421	25	2,291	1,490,078
Additions	-	476	95	851	30	-	56	1,508
Disposals and adjustments	-	(313)	-	(157)	(9)	-		(479)
Closing balance	72,734	1,276,021	40,397	67,141	32,442	25	2,347	1,491,107
Accumulated amortization:								
Opening balance	-	(166,320)	(10,795)	(37,249)	(13,750)	(25)	(2,170)	(230,309)
Amortization expense	-	(33,860)	(1,871)	(8,181)	(1,675)	-	(82)	(45,669)
Effect of disposals and adjustments	-	313		157	9	-		479
Closing balance	-	(199,867)	(12,666)	(45,273)	(15,416)	(25)	(2,252)	(275,499
Net book value	**72,734**	**1,076,154**	**27,731**	**21,868**	**17,026**	-	**95**	**1,215,608**

	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2014
Cost:								
Opening balance	72,734	1,274,904	39,845	65,583	32,385	25	2,285	1,487,761
Additions	-	954	457	1,234	58	-	41	2,744
Disposals and adjustments	-	-	-	(370)	(22)	-	(35)	(427)
Closing balance	72,734	1,275,858	40,302	66,447	32,421	25	2,291	1,490,078
Accumulated amortization:								
Opening balance	-	(132,239)	(8,965)	(28,610)	(10,432)	(25)	(2,109)	(182,380)
Amortization expense	-	(34,081)	(1,830)	(8,996)	(3,335)	-	(96)	(48,338)
Effect of disposals and adjustments	-	-	-	357	17	-	35	409
Closing balance	-	(166,320)	(10,795)	(37,249)	(13,750)	(25)	(2,170)	(230,309)
Net book value	**72,734**	**1,109,538**	**29,507**	**29,198**	**18,671**	-	**121**	**1,259,769**

15. Prepaid Expenses

Prepaid expenses reflect prepayments for event and operational requirements.

	March 31 2015	March 31 2014
Event and operations prepayments	1,593	1,641

16. Contingencies and Contractual Obligations

Contingent assets

PavCo holds an interest in a parcel of land in Surrey, British Columbia. Under the terms of the agreement, if the land were to be sold or redeveloped before March 2016, PavCo would receive three fifths of the sales proceeds of the land over $1.1 million. No estimate is available on the current value of the land or of the intention of the owner to dispose of it at this time.

Contingent liabilities

a) PavCo remains liable for environmental and reclamation obligations for known hazards that may exist at its facilities and has recognized soil remediation costs in the Financial Statements. As at March 31, 2015 management is not aware of any additional existing environmental problems related to its facilities that may result in material liability to the corporation.

b) The corporation is named in various legal actions resulting from operations at PavCo's facilities. No determination can be made on the eventual outcome or disposition of the legal actions. PavCo does not expect the outcome of any proceedings, individually or in the aggregate, to have a material impact on the corporation's financial position.

Contractual obligations

a) Operating leases

The corporation is committed to payments under several operating leases and maintenance agreements, the longest of which extends to 2028. These represent total commitments as follows:

Fiscal 2016	1,321
Fiscal 2017	988
Fiscal 2018	679
Fiscal 2019	615
Fiscal 2020 and beyond	351

b) Capital projects

At March 31, 2015, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining capital obligations as follows:

Fiscal 2015	747

16. Contingencies and Contractual Obligations (cont.)

c) Redevelopment

On November 29th, 2011 the City of Vancouver Council enacted zoning, as approved at Public Hearing on April 19, 2011, for certain lands on the west side of BC Place. The City of Vancouver acquired lands between Expo Boulevard and Pacific Boulevard for the construction of an extension to Smithe Street (Smithe Street Extension), and transferred its surplus lands between the Smithe Street Extension and BC Place to PavCo (including Terry Fox Way). Under the rezoning obligations, PavCo is required to provide 300 parking stalls for public hourly use in the first development on the lands.

PavCo also entered into an Updated Master Development Agreement with a third party to develop this land on the west side of BC Place. As part of this Agreement PavCo is obligated to bear the costs of remediation of soils beneath the Smithe Street Extension and the development lands, the costs of installation of City services under the Smithe Street Extension, and the construction of the Smithe Street Extension to its west curb line. The costs related to the remediation of soils have been recognized in the Financial Statements.

PavCo also entered into an Agreement with a First Nation concerning the development of this land on the west side of BC Place. This Agreement has no impact on the March 31, 2015 Financial Statements but will entail sharing of lease revenues for three years upon commencement of receiving lease revenues.

17. Expenses by Object

The following summarizes expenses by object:

	2015 Budget	2015 Actual	2014 Actual
Event direct costs	30,000	30,036	28,782
Salaries, wages and benefits	16,902	15,745	16,454
Operating expenses	14,335	14,443	14,050
General and administration	4,105	3,695	3,879
Business development	1,423	984	773
Professional consulting fees	1,894	1,773	2,257
Interest on long term debt	7,255	7,255	7,326
Redevelopment	2,500	294	152
Amortization	44,855	45,669	48,338
	123,269	119,894	122,011

18. Related Party Transactions

PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

19. Valuation Allowance

Valuation allowances are included in 'General and administration' expenditures (Note 17), and represent the write-down of assets and liabilities in the statement of financial position.

	BC Place	Vancouver Convention Centre	2015	2014
Accounts receivable	(25)	(80)	(105)	(120)

20. Budgeted Figures

Budgeted figures have been provided for comparison purposes and are derived from the estimates provided in the Corporation's 2014/15 Annual Service Plan report which was approved by PavCo's Board of Directors.

21. Comparative Numbers

Certain comparative numbers have been restated to conform to the financial statement presentation used in the current year.

22. Impact of Accounting for Government Transfers in Accordance with Section 23.1 of the *Budget Transparency and Accountability Act*

As a provincial crown agency, PavCo is subject to reporting under the *Budget Transparency and Accountability Act* ('Act') as noted in Note 1 (authority and nature of operations) and Note 3 (significant accounting policies). Section 23.1 of the Act and its related regulations requires the corporation to recognize government transfers for capital asset acquisition or development into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue as tangible capital assets have been purchased. The impact of this difference on the corporation's financial statements is as follows:

At March 31, 2014	
Increase in accumulated operating surplus	(998,814)
Decrease in deferred contributions - government	998,814
For the year ended March 31, 2015	
Decrease in operating surplus	37,341
At March 31, 2015	
Increase in accumulated operating surplus	(961,473)
Decrease in deferred contributions - government	961,473

23. Financial Instruments

Financial instruments include cash and cash equivalents, accounts receivable, due from government, accounts payable and accrued liabilities, employee leave liability, and long term debt.

PavCo is exposed to various risks related to its financial instruments. It is management's opinion that the corporation is not exposed to significant market, liquidity or credit risk arising from these financial instruments.

PavCo's risk management objective when it invests in financial instruments is to ensure that any investments are in quality securities, so as to safely guard the assets of the shareholder, and enable the corporation to continue operations as a going concern.

Market Risk - Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect PavCo's income or the value of its financial instruments.

PavCo's exposure to currency risk is only related to the value of foreign exchange transactions in the normal course of business, and manages this risk by minimizing the amount of transactions in foreign funds.

PavCo is not subject to interest rate risk on its long term debt as a fixed rate is provided for in the loan agreement which eliminates fluctuations in the value of this financial instrument during the repayment period.

Liquidity Risk - Liquidity risk is the risk that PavCo will have difficulty in meeting its financial obligations when they come due.

PavCo manages liquidity risk by continually monitoring cash flows, and by maintaining the ability to borrow funds from its shareholder.

Credit Risk - Credit risk is the risk of financial loss to PavCo if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

PavCo's exposure to credit risk is only related to the value of accounts receivable in its normal course of business, and manages this risk by minimizing the amount of transactions which require recovery.
The corporation continually monitors and manages the collection of receivables from other customers.

24. Segmented Information

PavCo reports segmented information by its operating divisions: BC Place Stadium and the Vancouver Convention Centre. BC Place Stadium and the Vancouver Convention Centre, market, sell and manage space for conventions, trade and consumer shows, entertainment, sports and other events. Revenues, expenses and tangible capital assets by facility are provided in the following tables:

	BC Place[1]		*Vancouver Convention Centre*[1][2]		*Total*	
	2015	2014	2015	2014	2015	2014
Revenues						
Event revenues	10,132	12,785	45,107	38,116	55,239	50,901
Lease revenues	36	37	3,580	3,499	3,616	3,536
Miscellaneous revenues [3]	3,638	5,991	547	150	4,185	6,141
Deferred contributions – other	648	711	954	954	1,602	1,665
Deferred contributions - government	23,861	24,024	22,472	24,966	46,333	48,990
Interest revenue	90	145	80	128	170	273
	38,405	**43,693**	**72,740**	**67,813**	**111,145**	**111,506**
Expenses						
Event direct costs	5,430	7,126	24,606	21,656	30,036	28,782
Salaries, wages and benefits	7,138	7,786	8,607	8,668	15,745	16,454
Operating expenses	4,377	4,669	10,066	9,381	14,443	14,050
General and administration	1,640	1,688	2,055	2,191	3,695	3,879
Business development	391	263	593	510	984	773
Professional consulting fees	1,008	1,404	765	853	1,773	2,257
Interest on long term debt	7,255	7,326	-	-	7,255	7,326
Redevelopment [4]	294	152	-	-	294	152
Amortization	26,441	26,626	19,228	21,712	45,669	48,338
	53,974	**57,040**	**65,920**	**64,971**	**119,894**	**122,011**
Surplus (deficit) for the period	**(15,569)**	**(13,347)**	**6,820**	**2,842**	**(8,749)**	**(10,505)**

(1) Corporate office revenues and expenditures have been allocated equally between PavCo's facilities
(2) PavCo's proportionate share of the Convention Development Fund is consolidated to Vancouver Convention Centre operations
(3) Miscellaneous revenues include monies received outside of the course of normal operations.
(4) Redevelopment costs are outside of normal operating expenses and are associated with the redevelopment of lands to the west of BC Place

24. Segmented Information (cont.)

BC Place	Land	Buildings and improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2015	2014
Cost:								
Opening balance	31,292	551,465	52,166	23,226	-	595	658,744	658,575
Additions	-	203	595	-	-	17	815	585
Disposals	-	(313)	(157)	(9)	-	-	(479)	(416)
Closing balance	31,292	551,355	52,604	23,217	-	612	659,080	658,744
Accumulated amortization:								
Opening balance	-	(85,760)	(26,315)	(4,652)	-	(520)	(117,247)	(91,021)
Amortization expense	-	(17,771)	(7,021)	(1,600)	-	(49)	(26,441)	(26,626)
Effect of disposals and adjustments	-	313	157	9	-	-	479	400
Closing balance		(103,218)	(33,179)	(6,243)	-	(569)	(143,812)	(117,247)
Net book value – March 31, 2015	**31,292**	**448,137**	**19,425**	**16,974**	-	**43**	**515,871**	
Net book value – March 31, 2014	**31,292**	**465,705**	**25,851**	**18,574**	-	**75**		**541,497**

24. Segmented Information (cont.)

Vancouver Convention Centre[1]	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2015	2014
Cost:									
Opening balance	41,442	724,393	40,302	14,281	9,195	25	1,696	831,334	829,186
Additions	-	273	95	256	30	-	39	693	2,159
Disposals	-	-	-	-	-	-	-		(11)
Closing balance	41,442	724,666	40,397	14,537	9,225	25	1,735	832,028	831,334
Accumulated amortization:									
Opening balance	-	(80,560)	(10,795)	(10,934)	(9,098)	(25)	(1,650)	(113,062)	(91,359)
Amortization expense	-	(16,089)	(1,871)	(1,160)	(75)	-	(33)	(19,228)	(21,712)
Effect of disposals and adjustments	-	-	-	-	-	-	-	-	9
Closing balance	-	(96,649)	(12,666)	(12,094)	(9,173)	(25)	(1,683)	(132,290)	(113,062)
Net book value – March 31, 2015	**41,442**	**628,017**	**27,731**	**2,443**	**52**	**-**	**52**	**699,737**	
Net book value – March 31, 2014	**41,442**	**643,833**	**29,507**	**3,347**	**97**	**-**	**46**		**718,272**

(1) Includes corporate office assets with a total net book value of $2 thousand at March 31, 2015 ($4 thousand at March 31, 2014)

PavCo's lease agreement with Canada Place Corporation for the Vancouver Convention Centre's east facility is for a 20-year term expiring in 2027. It is at nominal annual rent and PavCo is responsible for all operating costs. As the lease term represents the full economic life of the asset, it is included in the tangible capital assets of the Corporation.

Appendix A: Additional Information

Corporate Governance

PavCo's Board of Directors provides leadership and direction to the organization in a manner consistent with directives set out by the Provincial Government. The Board consists of six members, all appointed by the Shareholder.

PavCo has developed a comprehensive charter of Board activities, as well as several terms of reference and policies in accordance with the Province's Board Resourcing and Development Office's *Best Practice Guidelines*. These can be found at http://www.bcpavco.com/resources/board/.

The principles included in the Provincial Government's Governance Framework provide an understanding of the roles and responsibilities for all parties that are part of the Crown Corporation Governance Environment:

- Stewardship, leadership and effective functioning of the Board
- Clarity of roles and responsibilities
- Openness, trust and transparency
- Service and corporate citizenship
- Accountability and performance
- Value, innovation and continuous improvement

Organizational Overview

PavCo owns and operates two world-class public facilities located in downtown Vancouver: BC Place and the Vancouver Convention Centre.

Economic Benefits

PavCo contributes significantly to the growth of the tourism and hospitality industries, as many out-of-town patrons travel throughout British Columbia before and after attending events at PavCo facilities.

The Vancouver Convention Centre is the provincial flagship for conventions and meetings. BC Place, which is the largest indoor gathering place in British Columbia, provides support to industry as a venue for consumer shows and special events, as well as being a major sports and entertainment centre.

Both of PavCo's facilities have undergone extensive revitalization and now offer the most sophisticated functionality, technology and architecture in their respective fields.

Stakeholders

BC Place is proud to be the home of the Canadian Football League (CFL) BC Lions Football Club, and the Major League Soccer (MLS) Vancouver Whitecaps FC.

PavCo stakeholders also include Tourism Vancouver, as a contributing partner to the expanded Convention Centre; businesses and associations representing the tourism and hospitality industry;

clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; neighbours; and the general public.

Vision

To be a global leader in outstanding venues and events.

Mission

To deliver inspiring and sustainable experiences for our clients, guests and our community, by hosting conventions, entertainment, sporting and related events that meet their highest expectations.